

***Remarks***

Reconsideration of this Application is respectfully requested.

Upon entry of the foregoing amendments, claims 1-20 are pending in the application, with 1, 14 and 20 being the independent claims. Claims 1-7, 9 and 13-20 are sought to be amended. Applicants reserve the right to prosecute similar or broader claims, with respect to any cancelled and amended claims, in the future. These changes are believed to introduce no new matter, and their entry is respectfully requested.

Based on the above amendment and the following remarks, Applicants respectfully request that the Examiner reconsider all outstanding rejections and that they be withdrawn.

***Rejections under 35 U.S.C. § 112 Second Paragraph***

Claims 15-16 and 18-19 are rejected under 35 U.S.C. § 112, second paragraph, as allegedly being indefinite for failing to particularly point out and distinctly claim the subject matter which applicants regard as the invention.

Although Applicants believe the previously pending claims were in full compliance with all sections of 35 U.S.C., in order to expedite prosecution Applicants have clarified claims 15-16 and 18-19.

Based on the amendments above, Applicants respectfully request the reconsideration and withdrawal of the rejection.

***Rejection under 35 U.S.C. § 101***

On page 3 in the Office Action, claims 1-19 are rejected under 35 U.S.C. § 101 as allegedly being directed to non-statutory subject matter. Applicants respectfully traverse. Although Applicants believe the previously pending claims were in full compliance with all sections of 35 U.S.C., in order to expedite prosecution Applicants have clarified claims 1 and 14. Based on the amendments above, Applicants respectfully request the reconsideration and withdrawal of the rejection regarding independent claims 1 and 14, and their respective dependent claims 2-13 and 15-19.

***Rejections under 35 U.S.C. § 103***

**Claims 1, 2, 7, 8 and 13**

On page 5 of the office action, claims 1, 2, 7, 8 and 13 were rejected under 35 U.S.C. § 103(a) as allegedly being unpatentable over U.S. Patent No. 6,154,729 to Cannon (“Cannon”) in view of U.S. Patent Application Publication No. 2002/0099649 to Lee (“Lee”). Applicants respectfully traverse.

Claim 1 recites features that distinguish over the applied references. For example, claim 1 recites, in part, “storing a predetermined threshold ratio of *disputed* credit transactions to total credit transactions for a period of time... [and] automatically determining a ratio of the number of *disputed* credit transactions to the number of credit transactions for the merchant.”

Cannon discloses a method that requires an “excessive chargeback ratio report [which] lists all merchants with an excessive ratio of *chargebacks* to transactions that exceeds the ratio specified by the user.” (See Cannon, col. 3, ll. 45-47, emphasis added).

Cannon defines chargeback as “a transaction that has been *challenged* by a cardholder *and returned* through interchange to the acquiring bank by a card holder issuing bank.” (See Cannon, col. 3, ll. 47-49, emphasis added). Thus, Cannon is only concerned with actually returned funds, not just disputed funds, as recited in claim 1. This is because Cannon is only concerned with a methodology relating to disputed transactions that undergo the additional, later in time, decision step of actually returning the credit to the card holding issuing bank.

Furthermore, Cannon discloses a “chargeback report (15<sup>th</sup>) [which] calculates a merchant’s chargeback ratio (chargebacks divided into *sales*.)” (See Cannon, col. 8, ll. 39-41-49). Thus, Cannon calculates the chargeback ratio using sales, not “the **number** of disputed credit transactions,” as recited in claim 1. Therefore, Cannon does not teach at least the above recited features of claim 1.

On page 6 of the Office Action, the Examiner states that Lee teaches, to which Applicants do not acquiesce, “assessing a fee against the merchant only for each disputed transaction involving the merchant that exceeds the threshold ratio, when the merchant’s ratio is at least equal to the threshold ratio.” The Examiner references paragraph [0019] in Lee to support the above statement. However paragraph [0019] simply states that “issuing banks can levy fines on merchants having too many chargebacks,” which does not address “assessing a fee against the merchant **only for each disputed transaction** involving the merchant that *exceeds* the predetermined threshold ratio,” as recited in claim 1. However, the Examiner is not using Lee to teach or suggest, nor does Lee teach or suggest, at least the above-recited distinguishing features of claim 1. Therefore, Lee does not cure the deficiencies of Cannon, and the references cannot be used to establish a

prima facie case of obviousness. Claims 2, 7, 8 and 13 depend from claim 1, and therefore are also distinguishable over the applied references for at least the reasons stated above, as well as for their additional distinguishing features. Accordingly, Applicants respectfully request that the Examiner reconsider and withdraw the rejections as per claims 1, 2, 7, 8 and 13.

**Claims 3-5, 9-12, 14 and 17**

On page 8 of the Office Action, claims 3-5, 9-12, 14 and 17 were rejected under 35 U.S.C. § 103(a) as allegedly being unpatentable over Cannon in view of Lee, and in further view of U.S. Patent Application Publication No. 2004/0030644 to Sharper (“Sharper”). Applicants respectfully traverse.

**Claims 3-5 and 9-12**

In reference to claims 3-5 and 9-12, the Examiner states that Sharper teaches, to which Applicants do not acquiesce, “the threshold ratio comprising three percent;” “establishing the threshold ratio based on an industry category including the merchant;” a “notice feature of Sharper;” ”transmitting the notice to the merchant;” “pre-notice;” and “that certain industries raise chargeback well above preferred limits.” However, the Examiner is not using Lee to teach or suggest, nor does Lee teach or suggest, at least the above-recited distinguishing features of claim 1. Therefore, Sharper does not cure the deficiencies of Cannon and Lee, alone or in combination, and therefore the references cannot be used to establish a prima facie case of obviousness. Claims 3-5 and 9-12 depend from claim 1, and therefore are also distinguishable over the applied references for at least the reasons stated above, as well as for their additional distinguishing

features. Accordingly, Applicants respectfully request that the Examiner reconsider and withdraw the rejections as per claims 3-5 and 9-12.

**Claim 14**

Claim 14 recites features that distinguish over the applied references. For example, claim 14 recites, in part, “automatedly determining a ratio of disputed credit transactions to total credit transactions for each of a plurality of industry categories for a previous period of time.” Cannon discloses a method that requires an “excessive chargeback ratio report [which] lists all merchants with an excessive ratio of chargebacks to transactions that exceeds the ratio specified by the user.” (See Cannon, col. 3, ll. 45-47). Cannon defines chargeback as “a transaction that has been *challenged* by a cardholder *and returned* through interchange to the acquiring bank by a card holder issuing bank.” (See Cannon, col. 3, ll. 47-49, emphasis added). Thus, Cannon is only concerned with actually returned funds, not just disputed funds, as recited in claim 14. This is because Cannon is only concerned with a methodology relating to disputed transactions that undergo the additional, later in time, decision step of actually returning the credit to the card holding issuing bank. Therefore, Cannon does not teach at least the above recited feature of claim 14.

On page 13 of the Office Action, the Examiner states that Sharper teaches, to which Applicants do not acquiesce, “certain industries raise chargeback well above preferred limits.” However, the Examiner is not using Sharper or Lee to teach or suggest, nor does Sharper or Lee teach or suggest, at least the above-recited distinguishing features of claim 14. Therefore, neither Sharper nor Lee cures the deficiencies of Cannon, and the references cannot be used to establish a *prima facie* case

of obviousness. Claim 17 depends from claim 14, and therefore is also distinguishable over the applied references for at least the reasons stated above, as well as for its additional distinguishing features. Accordingly, Applicants respectfully request that the Examiner reconsider and withdraw the rejections as per claims 14 and 17.

Claim 6

On page 14 of the office action, claim 6 was rejected under 35 U.S.C. § 103(a) as allegedly being unpatentable over Cannon in view of Lee, and in further view of Official Notice. Applicants respectfully traverse.

Applicants respectfully assert that the Examiner has inappropriately taken “Official Notice” because according to the M.P.E.P. at Section 2144.03(A) (emphasis added):

Official notice without documentary evidence to support an examiner’s conclusion is permissible only in some circumstances. While “official notice” may be relied on, these circumstances should be rare when an application is under final rejection or action under 37 CFR 1.113. Official notice unsupported by documentary evidence should only be taken by the examiner where the facts asserted to be well-known, or to be common knowledge in the art are ***capable of instant and unquestionable demonstration as being well-known.***

In this same Section, the M.P.E.P. then provides some examples of when “official notice” was deemed appropriate:

In *Ahlert*, the court held that the Board properly took judicial notice that “it is old to adjust intensity of a flame in accordance with the heat requirement.” See also *In re Fox*, 471 F.2d 1405, 1407, 176 USPQ 340, 341 (CCPA 1973) (the court took “judicial notice of the fact that tape recorders commonly erase tape automatically when new ‘audio information’ is recorded on a tape which already has a recording on it”). In appropriate circumstances, it

might not be unreasonable to take official notice of the fact that it is desirable to make something faster, cheaper, better, or stronger without the specific support of documentary evidence.

Applicants assert that the features recited in claim 6 do not fit within one of the narrow exceptions noted by this Section of the M.P.E.P. This Section of the M.P.E.P. also states “[i]t is never appropriate to rely solely on ‘common knowledge’ in the art without evidentiary support in the record, as the principal evidence upon which a rejection was based. *Zurko*, 258 F.3d at 1385, 59 USPQ2d at 1697.” Applicants therefore assert that it was inappropriate for the Examiner to take “Official Notice” without providing documentary evidence.

However, the Examiner is not using Lee or Official Notice, alone or in combination, to teach or suggest, nor does Lee or Official Notice teach or suggest, at least the above-recited distinguishing features of claim 1. Therefore, Lee or Official Notice does not cure the deficiencies of Cannon, and the references cannot be used to establish a *prima facie* case of obviousness. Claim 6 depends from claim 1, and therefore is also distinguishable over the applied references for at least the reasons stated above, as well as for its additional distinguishing features. Accordingly, Applicants respectfully request that the Examiner reconsider and withdraw the rejections as per claim 6.

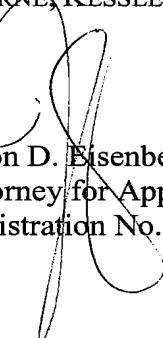
***Conclusion***

All of the stated grounds of rejection have been properly traversed, accommodated, or rendered moot. Applicants therefore respectfully request that the Examiner reconsider all presently outstanding rejections and that they be withdrawn. Applicants believe that a full and complete reply has been made to the outstanding Office Action and, as such, the present application is in condition for allowance. If the Examiner believes, for any reason, that personal communication will expedite prosecution of this application, the Examiner is invited to telephone the undersigned at the number provided.

Prompt and favorable consideration of this Reply is respectfully requested.

Respectfully submitted,

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